



AGENDA MEMORANDUM

Action Item for the City Council Meeting August 15, 2023

DATE: August 15, 2023

TO: Peter Zanoni, City Manager

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Arbitrage Compliance Services

CAPTION:

Motion authorizing execution of a five-year service agreement with Arbitrage Compliance Specialists, Inc., of Greenwood Village, Colorado, for \$83,470.00, to provide arbitrage compliance services, with no funding required in FY 2023 and funding in future fiscal years subject to budget approval.

SUMMARY:

Arbitrage compliance services are required to ensure that tax-exempt proceeds received from the sales of bonds are in compliance with the rules and regulations prescribed by the Internal Revenue Service (IRS).

BACKGROUND AND FINDINGS:

The agreement provides arbitrage rebate compliance services related to reviewing the City's tax-exempt debt service funds, debt service reserve funds, capital projects funds, and other funds, into which tax-exempt proceeds may have been deposited. The contractor will also assist in the event of an Internal Revenue Service (IRS) inquiry or audit related to arbitrage issues. The current contract expires September 30, 2023.

PROCUREMENT DETAIL:

Finance & Procurement conducted a competitive Request for Proposal (RFP 4682) to obtain qualified firms to provide arbitrage compliance services and received two responsive, responsible proposals which were evaluated by the City’s evaluation committee. The two firms were interviewed according to technical and evaluation criteria on the Request for Proposals.

The evaluation committee was comprised of three members from Finance, and Strategic Planning and Innovation, and proposals were evaluated against the published criteria in the RFP. The evaluation committee rated each proposer and was scored according to 1) firm’s experience, 2) understanding the project scope, and finalist included 3) price. Final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City.

Staff is recommending award to Arbitrage Compliance Specialists, Inc, as the highest-ranking firm. Arbitrage Compliance Specialists, Inc. is the incumbent. There is a difference of \$5,970 price increase from the previous contract.

ALTERNATIVES:

The alternative would be not to engage the contractor to perform these mandated services. This could present an issue of non-compliance with Internal Service Revenue (IRS) regulations.

FISCAL IMPACT:

There is no fiscal impact for FY 2023. All funding will be provided in the future through the annual budget process.

FUNDING DETAIL:

Fund:	1020 – General Fund
Organization/Activity:	10751 – Accounting Operations
Department:	59 – Finance and Procurement
Project # (CIP Only):	N/A
Account:	530000 – Professional Services

RECOMMENDATION:

Staff recommend approval of this motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Evaluation Matrix